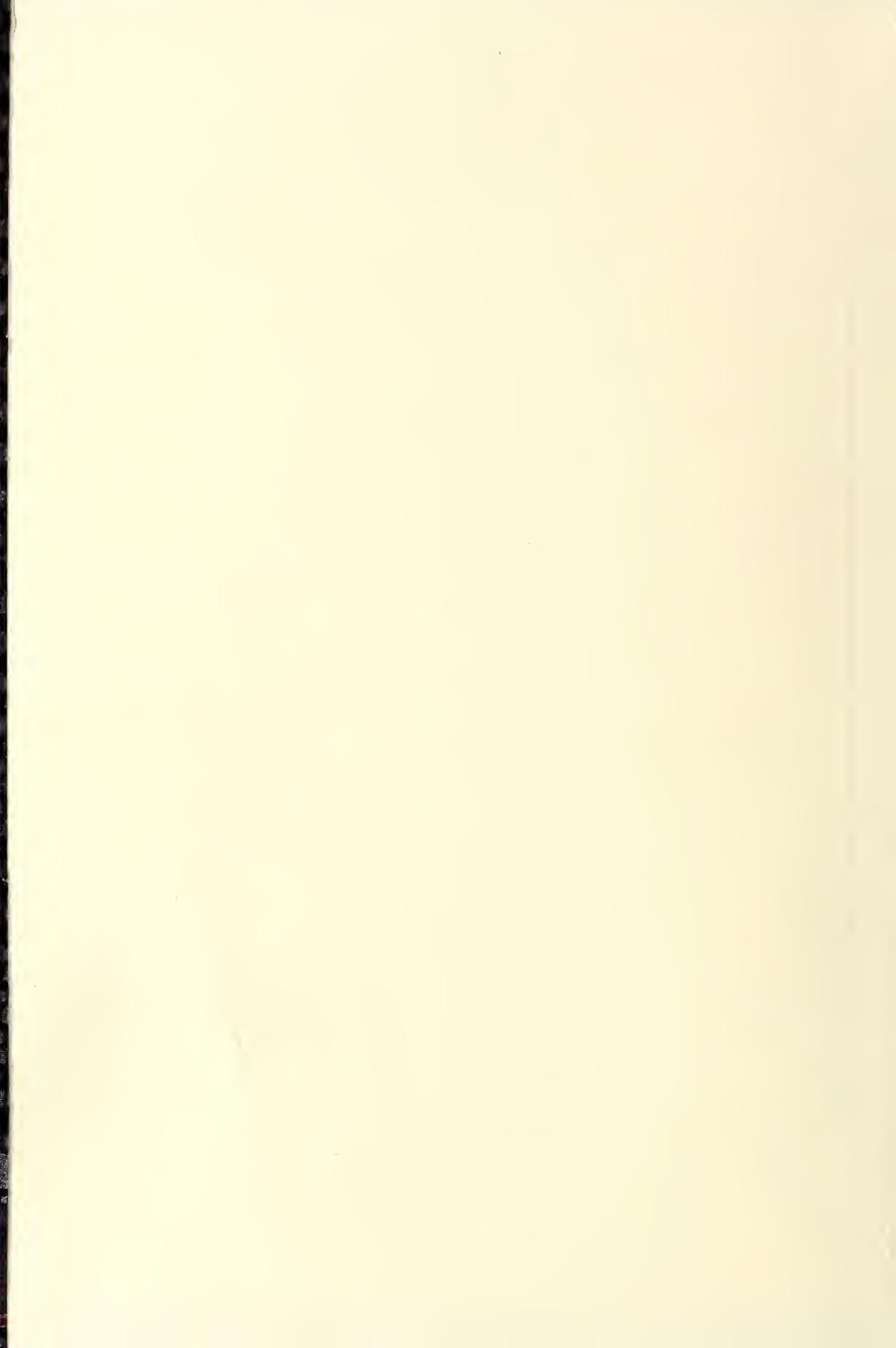


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# FOREIGN AGRICULTURE

Cap. 4



May 13, 1974

## India's Wheat Prospects

### U.S. Farm Exports Continue Up

Foreign  
Agricultural  
Service  
U.S. DEPARTMENT  
OF AGRICULTURE

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# India's Wheat Harvest To Fall Below Last Year's, Supply Tight

By KENNETH L. MURRAY  
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INDIA'S PRODUCTION of spring wheat, barley, and pulses—crops now nearing harvest—is likely to be about 10 percent below last season's output, but above earlier pessimistic forecasts. Wheat, the major spring grain, is estimated at about 23 million tons, compared with last year's 24.9-million-ton crop.

As a result, India's spring (rabi) crops, while down from last year's, are well above the disaster level. Following last fall's excellent (kharif) harvest, total 1973-74 foodgrain production can be estimated at about 103 million tons, up from last year's 97 million, but well below the 108-million-ton record set in 1970-71. Thus, India probably could fill minimum food needs by importing 4 million tons of foodgrains before the kharif harvest begins in October.

The key to the Indian foodgrain situation will once again be the pending monsoon performance. The monsoon should start in early June. With a poor monsoon, India could face a 10-15-million-ton shortfall in foodgrain production. India would experience great difficulty in making up such a deficit from the world market.

This report is based on the author's trip to India on April 15-May 1 to survey the country's grain situation. The visit included a 2,000-mile field trip through India's five wheat-surplus States—Rajasthan, Madhya Pradesh, Uttar Pradesh, Punjab, and Haryana—which account for some 80 percent of India's wheat production.

The current situation is unusual because in previous years poor monsoons, which affect fall-harvested crops, have been responsible for India's food problems. This season, spring crops in different States have been plagued by a variety of unfavorable conditions, including dry, cool weather, and fertilizer and fuel shortages.

In Rajasthan and Madhya Pradesh, where irrigation and fertilizer use are less extensive, the main factors reducing grain output were lack of usually reliable winter rains and cold weather in January and February, including some frosty nights, which stunted growth and caused some shriveling of grain.

In the more progressive States of Punjab, Haryana, and western Uttar Pradesh, where most fields are irrigated, the shortage of diesel fuel and electricity needed to power tubewells and pumps, and short fertilizer supplies, were the most important factors affecting wheat output.

Rust damage, thought earlier to be extensive, was fairly limited as a result of early sowing of wheat—rust usually strikes late in the season—and, ironically, of the cold weather, which curbed its spread.

Wheat acreage did not record its usual increase this year; rather, it appears to have stood still. During the past 8 years, wheat acreage has expanded an average of 2.5 million acres per year.

INDIA: FERTILIZER SUPPLY AND USE, NUTRIENT BASIS  
[In 1,000 metric tons]

Year	Domestic production <sup>1</sup>	Imports	Consumption
1969-70 .....	954	762	1,900
1970-71 .....	1,061	633	2,177
1971-72 .....	1,240	970	2,621
1972-73 .....	1,384	1,219	2,699
1973-74 (est.) .....	1,415	1,110	2,535

<sup>1</sup> India does not produce potassium fertilizer, so the figures on domestic production include only nitrogenous and phosphoric fertilizer. Source: Fertilizer Statistics, 1972-73, published by Fertilizer Association of India. For 1973-74, USDA estimate.



Indian farmer uses a harrow pulled by yoked cattle.

Discontinuation of this trend, which occurred in spite of excellent sowing conditions last fall, was due to several factors including: Uncertainty of the farmers over the Government's wheat policy this year; diversion of some wheat area to pulses, barley, and sugarcane, which were not Monopoly-controlled as wheat was last season; and the diminishing availability of additional land that can be brought into wheat production without further increases in irrigated area.

After last year's disappointing attempt at monopolizing the wheat trade, the Government has returned this season to more reliance on market forces to move wheat. The problem is to get the wheat out of farmers' hands in surplus areas and equalize to some extent supplies and prices in deficit areas such as Bombay and Calcutta.

This season's wheat policy includes an increase in the support price from last year's \$2.75 per bushel to \$3.80 per bushel, a rise of 38 percent. Farmers will be permitted to market their wheat freely on the wholesale markets, or turn it over to State authorities at

the support price. It is too early to judge how well this policy will succeed, as grain has just begun to arrive in the markets.

Since there is still some confusion over the new policy and the crop is a bit later than usual, market arrivals are lagging beyond last year's performance at this early stage. There is some evidence, however, that farmers will withhold wheat from the market as long as they can in the hope of increased prices.

No procurement target has been set—last year's target was 8 million tons—but even with a relatively good crop only 4.5 million tons were procured by Government agencies, in spite of monopoly procurement.

This year the Government hopes to procure wheat by requiring that wholesalers in surplus States turn over 50 percent of purchases from farmers. This will add to supplies procured through price support operations.

Wholesalers are not wholly unhappy with the new policy, since it puts them back into the marketing picture. However, they complain that the price they obtain from the State on the 50-percent-

levy share will only equal the price support level. Since they will have to pay farmers at least the support level, they will have to market the remaining 50 percent above the support level to insure a profit.

As long as the spread between the support price and the free market price received by farmers is not too wide, the wholesale trade should be able to function. Early marketings in the surplus areas were running at about \$4.00 per bushel, only 20 cents above the support price.

Wholesalers in the surplus States will have to be allowed to export wheat to deficit States to receive higher prices. They must obtain export permits to sell wheat in other States, but it appears State Governments will grant these permits fairly freely. To get the permit, wholesalers must provide evidence that they have turned over 50 percent of purchases to the State.

India is facing continuing fertilizer and energy problems. On the fertilizer side, supplies for the wheat crop were short of demand this season. This was partly due to distribution difficulties, with fertilizer arriving in some areas too late for application. Fertilizer production is increasing, but lagging behind demand.

India's present fertilizer facilities are operating at only about 60 percent capacity. Inefficiency arises from power and transportation problems, shortage of spare parts, and inadequate supplies of raw materials such as phosphoric and sulfuric acid. Nevertheless, these problems are correctable.

In addition, 14 new fertilizer plants are now under construction in India. The fertilizer problem is therefore short-run in nature, and with proper attention could be alleviated in 3-4 years.

There is also much scope for increased fertilizer use. Even in the Punjab, where wheat production is most intensive, fertilizer application is only about 40 percent of optimum.

The energy problem is perhaps more acute and less soluble for India. More energy could be harnessed from water, but this also can be problematic, as seen this year, with the failure of winter rains and snow in the mountains. Imports of petroleum are India's No. 1 balance of payments problem. One year's import requirements at today's prices could cost India the total of its foreign exchange reserves, which now stand at about \$1.3 billion.

# Spanish Wine Moves in Volume to U.S. Markets

By CARLOS PEREZ DE RUBIN  
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Madrid

**S**PAIN doubled its table wine exports to the United States in 1972, shipping over 7 million gallons to this country to become its second largest supplier after France. Total wine exports from Spain in 1972 jumped 40 percent above those of the previous year.

Spanish table or dinner wines entering the world market rose from 38 million gallons in calendar 1964 to over 69 million gallons in 1972, when exports went to almost 100 markets.

Not until fairly recently, however, have Spain's bottled table wines been recognized outside its own borders—despite the fact that winemaking has had a long history in the country. Even long before the Phoenicians founded Cadiz around 1045 B.C., the Iberians cultivated grapevines for wine along Spain's southern coast.

A factor inhibiting recognition of Spanish table wines outside the country's borders until more recently, oddly enough, may have been their low prices.

Spanish worker gathers grapes.



Due to a depressed domestic market, they were sold at prices well below those of major competing countries—a situation which sparked the notion that Spanish wines of this type could not be sound, because they were so inexpensive. Since the 1950's, however, there has been a large enough number of wines registered in Spain under appellations of origin to assure buyers of authentic and dependable varieties.

Such recognition has served to propel consumption upward—both at home and abroad. Higher living standards in Spain have fostered the rising consumption of matured or fine wines in lieu of the ordinary or young product. One winery reportedly tripled its sales during 1972-73, to 1.5 million cases.

Helping to spur the rising demand are international contests at which Spanish domestic table or dinner wines are securing coveted awards. Trade missions to and from importing countries and the opening or expansion of export markets have accelerated fast-mounting export revenues and increased the number of wine distribution networks outside Spain.

A record 1 billion gallons plus of wine is expected from Spain's 1973 vintage. Dinner wines—at an average 600 million gallons—account for the bulk of production. Although the ratio of *vinos finos de mesa* to *vinos comunes* (fine to ordinary wines) is still small, it has shown substantial improvement since 1970-71, when Government statistics placed it at about 1 to 30. While local prices of fine wines from the best known producing area have gone up considerably, they are still moderately priced, with domestic retail prices starting at \$1.25 per bottle.

Local and foreign multinational corporations have responded to the rising demand for Spanish wine by purchasing and consolidating vineyards and wineries. Winemaking facilities, including treatment and aging plants, are being enlarged and modernized. One of these local holding companies is even planning to set up a shipping line of its own to handle trans-Atlantic wine shipments.

Owing to fragmentation, most vineyards are small, covering an average 4 acres. However, cooperatives in the Spanish winemaking industry, numbering above 800, involve about 200,000 viticultural families and produce over half of the country's wine.

The present 3.8-million-acre average planted to wine-type grapevines in Spain

constitutes a world record. As a wine producer, however, Spain, with a 700-million-gallon average annual output, ranks only third or fourth. This is because the grape crop is rain-fed, and as a result, per acre yields are low, although berry quality and potential alcoholic content are usually high. Good vineyard land in Spain brought as much as \$5,000 per acre in 1972-73.

Spain, including the adjacent Balearic and Canary Islands, is divided into 12 regions on the basis of individual wines and grape varieties. Within these regions there are about 90 areas, each making a positive contribution to the wine industry. Grapevines are cultivated on this land under variable weather conditions, with annual rainfall ranging from 10 to 39 inches, and temperatures from 32°F to 104°F.

Forty of Spain's 50 Provinces produce substantial quantities of its various grape wines. Aside from table wines, varieties include the tart, low-alcohol (8-11 percent by volume) white appetizer wines of the extreme north; the sweet, dark, high-alcohol (up to 20 percent) dessert wines of the extreme south; the medium-strength sparkling wines (mostly under 12 percent alcohol) of the northeast; and the strong (up to 18 percent) sipping or blending wines of the southerly regions.

The eastern half of Spain is the main producing area for fine table wines. Major regions producing this grade of wine are Catalonia, the central region, Upper Ebro River, and Levant. On the basis of 1970-71 data, these regions, in this same order, turn out from nearly 2 million to over 5 million gallons per year.

The Upper Ebro River region is the leading producer of fine table wines. The La Rioja district of this region contains portions of three adjoining Provinces and is noted for the production of sophisticated wines since the turn of the 19th century. This district is also said to hold the nationwide price record for special reserve vintage wines, with the price at one winery being nearly \$30 per bottle, ex-cellars.

Although the eastern half produces more fine table wines than any other region, the Ribera del Duero area, in the western part of Spain, integrates a small community that makes more fine table wines than all of the rest of Spain. These wines retail locally at \$3.25 to \$20.00 per bottle—the highest price range in Spain for these types of wine.

# New Zealand Dairy Exports High; Value Sets Record

By HAROLD T. SANDEN  
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**N**EW ZEALAND's dairy industry was faced with a variety of problems in 1973 that must be solved if it is to reverse recent downturns and continue its general growth pattern of past years. Despite these difficulties, however, export demand for all of New Zealand's dairy products except butter was good last year, with total payments reaching a record level.

Some of the dilemmas facing the New Zealand dairy industry include:

- A drop in production of milk and most other dairy products in 1972-73, largely because of a continuing reduction in the number of cows in milk, and a strong shift to beef production at the expense of the dairy sector.
- A shortage of young farmers entering the dairy business because of a labor shortage and inflated investment costs.
- Adherence to a policy of making payments to farmers on the basis of milkfat production, although output of nonfat dry milk (NFDM), now selling at alltime high prices, might be a better base.
- The eventual loss of all or much of its dairy product sales to the United Kingdom—at one time New Zealand's largest market. Now as a member of the European Community (EC), the United Kingdom will be buying more of its dairy import requirements from other EC countries.

In its search for expanded markets, New Zealand is eyeing North America, particularly the United States. Last year, the United States permitted sizable increases in quota imports of New Zealand dairy products, in addition to regular quota imports of butter, cheese, frozen cream, and other milk products. Although the quota increases were on a one-time basis, they strengthened New Zealand's 1973 sales position and have

encouraged that country to hope for increased U.S. sales in the years ahead.

Trade figures indicate New Zealand's policy of shifting dependence from the U.K. market to other areas is paying off. Five years ago only 30 percent of New Zealand's dairy exports went to markets other than the United Kingdom. In 1972-73, the total had risen to 54 percent.

New Zealand's prompt reaction to the emergency increases in U.S. quota allotments underlines the importance it is giving to market diversification. Last year, New Zealand's total quota shipments of dairy products to the United States, in thousands of pounds (with value—also in thousands—given in parentheses) were: Butter, 26,621 (\$15,938); cheese, 28,401 (\$6,798); frozen cream, 1,500 (\$3,286); and NFDM, 23,047 (\$7,390).

In addition, 31 million pounds of New Zealand casein, valued at \$13.6 million were imported by the United States. Casein is not subject to U.S. import quotas.

New Zealand became Japan's leading supplier of dairy products in 1973, with sales of 46,300 tons worth about US\$45.2 million. Of this total, 8,300 tons were butter and 8,500 were cheese. Growing use of fluid milk for drinking in Japan is expected to provide further stimulus for exports to that country.

Latin America continues to grow as an export market, especially in the past 2 years with shipments increasing from

25,000 metric tons to 57,000 tons in 1973. Dairy product contracts with the Governments of Chile and Peru provide long-term credit at low interest rates, thereby safeguarding this market for New Zealand dairy products for the next few years.

Some 12,000 tons of New Zealand NFDM were shipped to Brazil in 1973. Mexico bought 11,000 tons of New Zealand dairy products, and lesser sales were made to Costa Rica, Colombia, and San Salvador. Most of these were sales of NFDM for recombining in the country of destination, but some were anhydrous milkfat sales.

**S**OUREAST ASIA is also a growing market for New Zealand dairy products, demanding NFDM, whole milk powders, as well as anhydrous milkfat. Sales to the area in 1973 amounted to US\$60.2 million, much of which came as a result of a drop in U.S. P.L. 480 NFDM supplies.

Although U.K. entry into the European Community reduced U.K. takings of New Zealand dairy products to 40 percent from about 70 percent 5 years ago, the United Kingdom still took 60 percent of New Zealand's total milkfat exports and remained its principal market for butter and cheese. In 1972-73, New Zealand dairy exports to the United Kingdom were valued at US\$173.3 million.

However, because New Zealand is selling butter in the United Kingdom

*Continued on page 11*



**Butter being removed from churning tanks at a New Zealand cooperative dairy. New Zealand's butter production was 242,100 metric tons in 1972-73.**

# Value and Some Volume Pushing U.S. Farm Exports to Record High

By DEWAIN H. RAHE

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FOR THE FIRST 9 months of fiscal 1974, U.S. exports hit an alltime high for the period of \$15.8 billion. Although most of the gain was in value, volume also rose slightly, with expanded exports to all major markets, except the USSR.

Exports for the period were three-fourths above the level of a year earlier and more than one-fifth for all of 1972-73. Exports in the third quarter of fiscal 1974 alone totaled \$5.86 billion, 58 percent over the same quarter a year earlier, but 1 percent above the \$5.79 billion in the second quarter of the current fiscal year.

Grain exports, including products, more than doubled to a record \$7.9 billion and accounted for about two-thirds of the total increase. Exports of cotton, tobacco, soybeans, meats, live cattle, fruits, nuts, and vegetables were at record, or near record, levels during the first 9 months of fiscal 1974. Only exports of dairy products and hides and skins were below the levels of a year earlier.

Over three-fourths of the \$6.9-billion increase stemmed from significantly higher prices. Substantial price gains occurred for all major products with rice, tallow, wheat, feedgrains, soybean oil, soybean meal, soybeans, and almonds showing the major gains for the year. Despite the price gain of almost 60 percent, the volume of agricultural exports was up by about one-sixth. Overall during this period over 75 million metric tons of bulk commodities moved into foreign markets from the United States.

Although U.S. agricultural imports gained over 33 percent in July-March, the favorable U.S. agricultural trade balance rose to a record of nearly \$9 billion from \$3.7 billion during the same period in 1972-73. This record agricultural trade balance more than offset the deficit in nonfarm trade of \$5.5 billion to produce a trade surplus of \$3.5 billion during July-March. This compares with a deficit of \$3.7 billion for these months of 1972-73.

The biggest increases in exports have occurred to the People's Republic of China (PRC), Latin America, Africa, and other Asian countries.

U.S. exports to the PRC rose to \$709 million in July-March from \$104 million a year earlier. Wheat, corn, soybeans, and cotton accounted for most of the increase during July-March. The United States supplied about half of the PRC's grain imports during the current fiscal year. Smaller amounts of tobacco, tallow, and soybean oil were also shipped to the PRC.

While the PRC imports about 9 million tons of grains a year, it also exports 1 million tons of rice mostly to Asian countries. It is expected to import about 2 million bales of cotton during the current fiscal year with the United States

supplying about half of the total. The United States was the sole supplier of soybeans during the first three quarters of fiscal 1974. But China will export about 250,000 tons, primarily to Japan.

Japan continues to be the largest single country market for U.S. agricultural exports with a total of \$2.5 billion, nearly two-thirds larger than the same months a year earlier. While most of the increase stemmed from higher prices, volume to Japan was also up substantially during the current year.

The U.S. share of the Japanese market has increased rather substantially in the past year. For example, the United States has about two-thirds of the market for feedgrains, about three-fifths for wheat, nine-tenths for soybeans, nearly one-third for cotton, and about half for tobacco in addition to being a significant supplier of cattle hides, tallow, fruits and vegetables, pork, and other products. The higher U.S. export level to this market has been maintained despite the recent balance of payments deficit by Japan.

Japan must import about half of its total food requirements. Imports of food products are needed as a measure to cope with the rapid inflationary growth in Japan. Overall, during the current year, inflation in Japan, measured by the consumer price index, may rise by nearly one-fifth.

The United States has been able to capture a larger share of the Japanese market because of reduced production by other major competitors in the past year. But with improved production in the Southern Hemisphere during the current year, the U.S. share may fall off slightly for the remaining months of the year. Exports to other areas in Asia nearly doubled to \$2.7 billion.

Exports to the USSR declined by over a fourth to \$427 million in July-March. The decline, of course, reflects a sharp dropoff of wheat exports which fell to about 2.4 million tons, compared with 5.6 million tons a year earlier. Other declines occurred for soybeans and cattle hides. Exports of feedgrains, on the other hand, increased to about 3.5 million metric tons during July-March, compared with 2.5 million tons a year earlier. The substantially improved USSR grain crop of over 220 million metric tons reduced the need for imported wheat during the current marketing year.

While U.S. shipments to the USSR fell during July-March, exports to other East European countries increased to nearly \$522 million, compared with less than \$314 million in 1972-73. Most of the increase occurred to Poland where exports climbed to \$229 million from around \$116 million in July-March 1972-73. The increase to Poland was accounted for by wheat, feedgrains, and soybean meal. Of course, higher prices accounted for much of the overall increase.

Other East European countries taking more U.S. farm products included Yugoslavia, Romania, Hungary, and East Germany. Exports to Yugoslavia totaled \$130 million, compared with slightly under \$85 million a year earlier. Wheat, soybean meal, and inedible tallow accounted for nearly all of the increase to these markets. Exports to Czechoslovakia were about equal to last year's \$45 million.

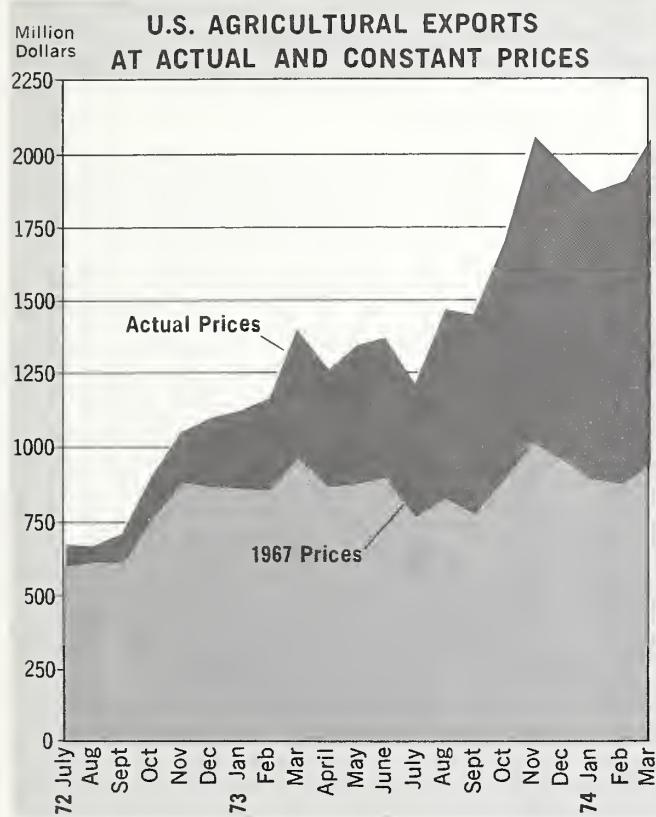
U.S. exports to Western Europe climbed by nearly three-fifths to \$5.05 billion from \$3.2 billion a year earlier, while exports to the European Community (EC) totaled \$4 billion, compared with \$2.6 billion a year earlier.

In addition to the EC-9, Sweden, Norway, Spain, Portugal,

and Greece all purchased more farm products from the United States. Although higher prices accounted for much of the value gain, the quantity of meats, rice, feedgrains, fresh fruits, canned and dried fruits, vegetables (especially pulses), tobacco, and other specialty products rose substantially. Exports of oilcake and meal declined by 8 percent in volume but gained 65 percent in value.

Latin American countries more than doubled as a market for U.S. exports in July-March to \$1.7 billion—nearly \$1 billion greater than a year earlier.

Because of drought-reduced crops and increased consumption with more income, exports to Mexico rose to \$390 million from a \$153 million a year earlier. Other big increases occurred to the Caribbean countries, Venezuela, Argentina,



Chile, Ecuador, Colombia, Peru, and Brazil. Exports to Brazil totaled \$280 million, compared with \$95 million a year earlier. Exports to Argentina totaled \$95 million in 1974, compared with less than \$4 million in 1973. The United States exported about a half million tons of wheat to Argentina because of that country's poor crop and to meet outstanding export contracts.

U.S. exports to African countries were over three times larger than a year earlier at \$688 million. Drought conditions over much of Africa were responsible for the stepped-up imports of U.S. grains and other food products. About 15 percent of the exports to Africa moved under U.S. food aid programs, Public Law (P.L.) 480, and U.S. Agency for International Development (AID) programs. But commercial sales rose sharply to North African countries, which have substantial foreign exchange earnings from petroleum exports.

Canadian purchases of U.S. commodities also showed a significant increase of 56 percent during the first three quarters of fiscal 1974. Most of the increase resulted from stepped-

up purchases of horticultural products and live cattle, as well as higher prices.

**Grains and preparations.** Increased volume of wheat and feedgrain shipments and higher prices pushed the value of U.S. grain shipments to a record \$8 billion, 2½ times larger than those of a year earlier. Exports of wheat, including products, rose to a record 26.3 million metric tons from 22.1 million for the same period a year earlier. The PRC was the top market for U.S. wheat during July-March taking over 3 million tons and accounting for over one-half of the increase in wheat exports. Other important markets for U.S. wheat included the USSR, Italy, India, Brazil, Argentina, Colombia, Venezuela, Peru, Chile, Poland, Indonesia, North Africa, the Middle East, South Korea, Japan, the Republic of China (Taiwan), and Mexico. The export unit value was \$146 a ton in July-March 1973-74, compared with \$70 a year earlier. Wheat exports have been slowing in recent months. March exports totaled slightly over 66 million bushels, compared with 73 million in February and 83 million in January and a monthly average of 119 million bushels for the first 6 months of fiscal 1974.

U.S. rice exports totaled 1,153,000 tons during the first three quarters of fiscal 1974, a volume decline of about one-fourth from the same period last year. But value, totaling \$529 million, was up by nearly three-fifths. Most of the decline in volume occurred under Government-financed programs primarily to South Korea, South Vietnam, and Indonesia.

Feedgrain exports during July-March 1974 increased by nearly 7 million tons and \$1.8 billion. Volume of 32.8 million tons was up by 28 percent and value of \$3.4 billion was more than double that of a year earlier. The major markets were Japan, the PRC, the Far East, the EC, Spain, Greece, Eastern Europe, USSR, India, Mexico, and Egypt. Export unit value of feedgrains averaged \$102 a ton, compared with about \$61 a year earlier. Foreign demand for U.S. feedgrains has been exceptionally strong because of reduced feeding of high-priced wheat; the substitution of grains for high-priced protein meal, especially in the EC; reduced supplies of feedgrains from other major suppliers during 1972; and reduced supplies of nongrain feeds in Western Europe.

Foreign demand for U.S. grain is likely to subside in coming months as harvests from Southern Hemisphere producers reach the principal foreign markets. Argentina, for example, is expected to have a record feedgrain crop of about 15 million tons, and exports may total 8.5 million tons in 1974, with most of the volume being exported by the end of the third quarter of 1974.

South Africa's feedgrain crop was also an alltime high of 11.7 million tons and exports may total around 4 million during the 1974-75 marketing year (May-April), compared with about 200,000 tons a year earlier. Australia also had a much improved grain crop and Thailand's crop is better than a year earlier. Overall these countries will probably be exporting about twice as much at 3.9 million tons during the 1973-74 marketing year.

**Oilseeds and products.** U.S. exports of oilseeds and products rose by over 56 percent to \$3.7 billion, due completely to higher prices as the volume of soybeans, soybean oil, and soybean meal was below the level of a year earlier. The late U.S. soybean harvest and reduced stock level was partly

responsible for some of the decline in export volume, compared with that of a year earlier. But higher prices and a tight shipping situation were also factors. The decline in exports of soybeans occurred primarily to Spain, Japan, USSR, and Singapore. Soybean exports have been gaining in recent months, however, and for the whole year probably will be near the last year's level.

Exports of soybean meal during July-March totaled 3.6 million short tons, about the same as a year earlier, but higher prices pushed value up 70 percent to \$779 million. The decline in shipments to the EC, Poland, Czechoslovakia, and Switzerland was offset by increases to Romania, Japan, Spain, Yugoslavia, East Germany, and Portugal.

Exports of U.S. cottonseed and soybean oil totaled 1.1 billion pounds in July-March 1974, nearly 200 million pounds below the previous year's level. Value, however, was up by nearly 50 percent to \$231 million. A tight world supply situation has caused the demand for U.S. oil to swing sharply upward in recent months. The export unit value in March was 25 cents per pound, compared with 12 cents a year earlier.

**Cotton.** U.S. exports of cotton during the first three quarters of fiscal 1974 rose to 4 million bales, over 800,000 bales above the comparable period of a year earlier. The gain in value was even larger as prices rose by over two-fifths during this period. The biggest increases occurred in those to the PRC, Japan, other Far Eastern countries, and Canada. Cotton exports to the PRC of 400,000 bales accounted for about two-fifths of the total gain.

**Tobacco.** U.S. exports of tobacco during July-March of

#### U.S. AGRICULTURAL EXPORTS, VALUE BY COMMODITY, JULY-MARCH

Commodity	1972-73	1973-74	Change
	Million dollars	Million dollars	Percent
<b>Animals and animal products:</b>			
Dairy products .....	70	46	- 35
Fats, oils, and greases .....	168	334	+ 98
Hides and skins, excl. furskins.	380	343	- 10
Meats and meat products .....	190	251	+ 32
Poultry and poultry products ..	72	109	+ 51
Other .....	94	225	+139
Total animals and products .	974	1,308	+ 34
<b>Grains and preparations:</b>			
Feedgrains, excl. products ...	1,562	3,359	+115
Rice .....	334	529	+ 58
Wheat and major wheat products .....	1,563	3,848	+146
Other .....	78	152	+ 95
Total .....	3,537	7,888	+123
<b>Oilseeds and products:</b>			
Cottonseed and soybean oil ..	158	232	+ 47
Soybeans .....	1,562	2,370	+ 52
Protein meal .....	479	852	+ 78
Other .....	198	277	+ 40
Total .....	2,397	3,731	+ 56
<b>Other products and preparations:</b>			
Cotton, excluding linters .....	504	865	+ 72
Tobacco, unmanufactured .....	495	598	+ 21
Fruits and preparations .....	334	447	+ 34
Nuts and preparations .....	75	136	+ 82
Vegetables and preparations ..	199	308	+ 55
Other .....	380	525	+ 36
Total .....	1,987	2,879	+ 45
Grand total .....	8,895	15,806	+ 78

508 million pounds were 12 percent above a year earlier. Because of higher prices the value rose by over one-fifth to \$598 million. Increases occurred in shipments of flue-cured, burley, bulk smoking tobacco, and tobacco stems.

Stemmed flue-cured tobacco accounted for most of the value increase. Most of the increase in flue-cured went to the EC-9, especially the United Kingdom, Denmark, the Netherlands, West Germany, and to Spain, Canada, Japan, Thailand, Malaysia, and Australia.

**Fruits and preparations.** U.S. exports advanced by nearly two-fifths during July-March to a record of \$447 million. The increase occurred in all categories but the gain was most pronounced for canned, dried, and fresh fruits. More plentiful U.S. supplies helped to push the export volume of dried fruits up from last year's extremely low level. At the same time prices continued to rise. Overall the export unit value of fruits and preparations rose by 15 percent during July-March over the same period a year earlier. Canada, Europe, the Far East, and Middle East accounted for the bulk of the gain.

**Nuts and preparations.** Exports of nuts and preparations of \$136 million were over three-fourths larger than a year earlier with big jumps in almond and walnut sales to West Germany, Spain, United Kingdom, Canada, and Japan.

**Vegetables and preparations.** U.S. exports of these products during July-March rose by nearly three-fifths to \$308 million, primarily for fresh vegetables and pulses. Dry bean exports were about 70 million pounds and \$35 million ahead of those of a year earlier, but exports of dried peas and lentils were down. Poor crops in other countries were a principal reason for the expansion in dry bean shipments. Exports of fresh vegetables posted the largest gain, mainly to Japan and Canada. Higher prices for vegetables and preparations were a principal factor in the value increase. Overall, the average export unit value gained by 28 percent.

**Animal and animal products.** U.S. exports of these items rose by over one-third to \$1.3 billion during the first three quarters of fiscal 1974. The major gainers were live cattle, poultry meat, and inedible tallow. Offsetting these were declines for dairy products and hides and skins. Foreign demand for many livestock items has expanded with the sharp rise in incomes and growth of foreign reserves in many major markets. In addition, supplies were relatively tight for many livestock products in other traditional exporting countries. Now, however, increased availability of beef by major world suppliers and import restrictions imposed by Japan and the EC have somewhat dampened the export outlook for beef and veal.

Total U.S. exports of hides and skins were down about 10 percent to \$342 million because of increased competition from manmade products and somewhat improved world supply situation. The export unit value of whole cattle hides at \$18.35 a piece in July-March 1973-74 was down about \$1.31 from that of a year earlier.

Exports of dairy products fell about 35 percent in value from a year earlier. The decline occurred for nonfat dry milk and butter because of tight domestic supplies.

Exports of poultry and poultry products gained about 10 percent in volume and 51 percent in value to reach a record \$109 million. Whole young fresh, or frozen chickens, chicken parts, turkey parts, and whole turkey accounted for the biggest increases.

# U.S. Spice Consumption And Imports Expand Steadily

By REX E. T. DULL

Sugar and Tropical Products Division  
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THE UNITED STATES is the world's largest importer and consumer of spices. The leaves, bark, roots, seeds, and the fruit of specified tropical and temperate plants all contribute to the vast assortment of seasonings found on the average American housewife's spice shelf.

U.S. demand for spices<sup>1</sup> has been expanding steadily in the past decade due to higher income levels, increasing population, a growing demand for "convenience" food items, and changing consumer tastes.

Increased popularity of dietary foods has bolstered demand, too, as the addition of spices often makes such food more palatable for the consumer. Also, food manufacturers and processors have learned that traditional foods and sauces can be spiced more heavily to make them different from competitive brands.

From 1960 to 1973, U.S. spice imports have nearly doubled in both quantity and value, amounting to 294 million pounds in 1973 and valued at a record \$101 million. This compares with 1960 spice imports of 155 million pounds valued at \$55 million and imports in 1955 of 152 million pounds valued at \$41 million.

Although U.S. imports of spices, herbs, and aromatic seeds represent only a small item in total annual U.S. imports, they are an essential ingredient in the production of many millions of dollars of food items and other preparations sold in the United States each year.

Most U.S. spice requirements are met through imports, but some are produced in commercial quantities domestically—capsicum peppers, paprika, basil, mint leaves, parsley, sage, tarragon, marjoram, thyme, mustard, dill, fennel, sesame, and fenugreek seed.

Although spices are used whole,

<sup>1</sup>"Spices" in this article refer also to herbs, aromatic seeds, and vanilla. Dehydrated vegetable seasonings such as onion and garlic products are excluded.

ground, or as essential oils and oleoresins, imports generally are in the unground form to conserve the volatile oil content, which provides flavoring power, and to better exercise sanitation and quality control. In addition, most unground spices are not subject to import duties.

Retail sales of spices for home use usually account for about half of total U.S. consumption. Industry usage, which consists of food manufacturers, accounts for between 25 and 30 percent, and institutions (restaurants, hospitals, and schools) 20-25 percent. However, an increasing share is being captured by industry and institutions, while the retail or consumer share is declining.

Institutional usage is the fastest growing segment of the spice business, primarily reflecting the popularity of convenience foods and the increasing number of people eating away from home, especially as the result of the proliferation in the restaurant field of the quick service food establishments.

Food manufacturers generally do not

import or grind their own spices but buy from spice grinders who have the experience needed to ensure a continuing supply of quality material at reasonable prices. They also perform added services such as maintaining close quality control on shipments, and blending spices to manufacturers' specifications.

Essential oils and oleoresins of spices usually are made by extracting volatile oils through pressing, steam distillations, or solvent extraction. Extracts offer certain advantages over the natural ground spice, such as quality consistency, freedom from micro-organisms, uniform dispersion in the product, and easy handling and storage.

Some food processors, however, are concerned about using extracts because of compatibility with their existing recipes and production processes. As a result, a good deal of experimentation is being undertaken which is increasing the use of spice extracts in certain areas of the food industry.

Black pepper (*Piper nigrum L.*) is the most widely used spice in the United States and is the world's most important spice in terms of usage and value in trade. Annual U.S. consumption of pepper is estimated to be in the area of 50 million pounds. The value of U.S. black and white pepper imports in 1973 was \$26 million, representing one-quarter of the value of our total spice imports.

Of the total volume of pepper consumed in the United States, one-half goes into retail sales for home con-



Picking mature vanilla beans, left, which are green colored and have little vanilla aroma before the long curing process when fragrance and flavor of beans are fully developed. Black pepper vine, above, is source of world's most important spice in usage and trade value.

sumption, and the balance to food processors and institutional users. Only an estimated 10-20 percent of spices other than pepper go into retail sales; the remainder is used by the food industry in making preparations such as spice essential oils and oleoresins for flavoring food products.

India is the world's largest producer of pepper, but most U.S. imports are from Indonesia and Brazil. Sarawak, India, Indonesia, and Brazil account for almost all of the world's pepper exports.

#### UNITED STATES: IMPORTS OF SPECIFIED CONDIMENTS AND FLAVORING MATERIALS, 1972 AND 1973

Condiments and flavoring materials <sup>1</sup>	1972		1973 <sup>2</sup>	
	1,000 pounds	1,000 dollars <sup>3</sup>	1,000 pounds	1,000 dollars <sup>3</sup>
Allspice (pimento) . . . . .	1,359	1,101	1,412	1,059
Aniseed . . . . .	740	215	664	399
Basil . . . . .	474	239	641	280
Capers . . . . .	2,404	979	1,930	981
Capiscum or red peppers (ground) . . . . .	12,972	4,429	13,315	3,639
Caraway seed . . . . .	288	85	270	103
Cardamon seed . . . . .	7,292	3,113	3,842	3,199
Cassia . . . . .	176	375	144	338
Celery seed . . . . .	8,840	4,698	11,539	7,256
Cinnamon . . . . .	3,713	1,047	3,340	877
Cloves . . . . .	5,789	1,908	4,955	1,834
Coriander seed . . . . .	2,896	4,153	1,887	2,912
Cumin seed . . . . .	3,499	296	3,789	373
Curry and curry powder . . . . .	7,423	1,913	6,541	2,528
Dill seed . . . . .	120	81	130	117
Fennel seed . . . . .	1,384	184	1,759	307
Ginger . . . . .	1,251	211	1,458	404
(ground) . . . . .	5,887	1,813	6,930	2,324
Laurel leaves . . . . .	852	217	825	382
Mace . . . . .	590	276	582	525
Marjoram . . . . .	492	155	647	243
(other than crude) . . . . .	—	—	( <sup>5</sup> )	2
Mint leaves . . . . .	236	109	177	104
(manufactured) . . . . .	40	74	54	89
Mustard seed . . . . .	103,677	4,982	77,649	6,142
(ground) . . . . .	1,984	923	1,743	859
Nutmeg . . . . .	4,734	1,485	4,318	2,487
Origanum leaves . . . . .	3,799	1,074	4,760	1,374
(other than crude) . . . . .	13	3	29	11
Paprika <sup>4</sup> . . . . .	13,915	5,182	14,204	6,645
Parsley . . . . .	62	22	77	15
(manufactured) . . . . .	81	33	75	38
Pepper, black . . . . .	47,440	18,332	49,679	22,668
Pepper, white . . . . .	5,449	2,740	5,622	3,518
(black and white ground) . . . . .	19	9	22	14
Poppy seed . . . . .	7,741	1,782	5,404	1,402
Rosemary . . . . .	739	85	779	124
Sage . . . . .	3,249	1,127	3,497	1,392
Savory . . . . .	182	50	133	35
Sesame seed . . . . .	47,220	8,249	52,295	10,241
Tarragon . . . . .	62	76	30	39
Thyme . . . . .	1,110	221	1,327	347
Turmeric . . . . .	3,413	602	2,319	480
Vanilla beans . . . . .	2,366	11,231	2,328	12,474
Mixed spices . . . . .	259	176	501	296
Total . . . . .	316,239	86,058	293,631	100,879

<sup>1</sup> Unground unless otherwise specified. <sup>2</sup> Preliminary. <sup>3</sup> Market value in country of origin, exclusive of import duty, freight, and insurance charges. <sup>4</sup> Ground and unground. <sup>5</sup> Less than 500 pounds.

U.S. imports of mustard seed have risen dramatically in recent years, primarily reflecting declining domestic production and increased demand. Mustard seed imports averaged about 29 million pounds in 1960-64, rising to a record 104 million pounds valued at \$5 million in 1972. But in 1973, imports fell to 78 million pounds because of low Canadian and European supplies. However, because of higher prices, imports increased in value to a record \$6 million. Almost all U.S. mus-

tard seed imports come from Canada.

Another spice for which demand has grown in recent years is oregano, well known for its use in flavoring pizza. Oregano imports in 1973 were a record 4.8 million pounds, more than double the volume imported during 1955-59. Greece and Mexico remain the most important U.S. suppliers of this spice.

Vanilla is also an important item in the spice cupboard of the American household. The vanilla extract that is used is made from the beans of a climbing orchid grown in tropical climates. About two-thirds of the world's vanilla crop is grown on islands off the southeastern coast of Africa—the Malagasy Republic, Comores, Reunion, and Seychelles. Indonesia, Mexico, and Tahiti account for most of the remaining world supply.

U.S. imports of vanilla beans in 1973 reached a near record 2.3 million pounds, valued at \$12.5 million.

Cloves are usually considered only as a spice to decorate and flavor foods, but as much as two-thirds of the world's supply of cloves is ground and mixed with tobacco in cigarettes. Indonesia consumes more cloves than the rest of the world combined, mainly in the manufacture of Indonesian "kretek" cigarettes.

Because of a tight supply situation developing in 1969, clove prices and the value of U.S. clove imports have risen considerably. In 1968, imports were 3.9 million pounds valued at \$1.5 million. Imports in 1973 were 1.9 million pounds valued at \$2.9 million.

**M**OST OF THE world's cloves are grown on the islands of Pemba and Zanzibar, which are now a part of Tanzania. The Malagasy Republic and Indonesia are also large producers.

Nutmeg and mace are also popular spices and represent the only case where two spices are derived from the same plant. The seed of the nutmeg tree is the nutmeg of commerce and the thin membrane (the aril) around the seed is known as mace. Indonesia and Grenada produce almost all of the world's supply of these spices, but most U.S. imports are from Indonesia.

In 1973 U.S. nutmeg imports totaled 4.3 million pounds valued at \$2.5 million and mace imports amounted to 582,000 pounds valued at \$525,000. Because of a poor harvest in the major producing areas, prices more than

doubled in 1973 to over \$1 per pound for nutmeg and over \$3 per pound for mace.

Cinnamon and cassia are closely related in both appearance and taste, but come from different plants. A large portion of U.S. consumer products which appear to be cinnamon flavored are most likely flavored by cassia. U.S. cassia imports always have been well above those of cinnamon. In 1955, the ratio of cassia to cinnamon imports was 12 million pounds to 0.8 million; in 1960, 11.2 million to 0.6 million.

Recently, however, cassia imports have declined because of a rather sharp falloff in Indonesian production, where most of the world's supply is grown. By 1972, U.S. cassia imports declined to 8.8 million pounds, but cinnamon imports increased to 5.8 million. Cassia supplies improved somewhat in 1973 and imports increased to 11.5 million pounds, while cinnamon imports fell to 4.9 million pounds. Most U.S. cinnamon imports are from Seychelles, Sri Lanka (Ceylon), and the Malagasy Republic.

U.S. imports of sesame seed have shown substantial increase over the years. Imports in 1960 were 17.4 million pounds worth \$2.5 million. By 1973, imports had reached a record 52.3 million pounds valued at \$10.2 million. Although sesame seed is quite popular for use on rolls and bread, the primary demand is for its oil content, which is widely used in the production of margarine, salad, and cooking oils.

Paprika and capsicum peppers also comprise a rather large segment of U.S. spice imports. Spain supplies most U.S. paprika imports, but most varieties of other capsicum peppers come from Mexico, Japan, and Turkey. California produces significant quantities of paprika and other capsicum peppers with production totaling \$4.6 million in 1973, compared with U.S. imports of \$10.4 million.

Allspice (pimento) is the only major spice that is grown exclusively in the Western Hemisphere, mainly Jamaica, Honduras, Guatemala, and Mexico. Plantings have been attempted in Indonesia and in other areas of the Far East but have failed, as the trees were unable to bear fruit.

U.S. import demand for allspice, which resembles a flavor combination of cinnamon, nutmeg, and cloves, has shown little change over the years. Imports in 1973 totaled 1.4 million pounds valued at \$1.1 million.

## New Zealand Dairy

*Continued from page 5*

at a price fixed by agreement, the New Zealand Dairy Board is getting about US\$200 less than the world price for each metric ton shipped to the United Kingdom. This gives the Board an urgent reason to push its search for new markets and to penetrate other existing markets more deeply.

The New Zealand Government is trying to persuade the EC to review its policies that could interfere with New Zealand's future efforts to diversify its markets. The Government is particularly concerned about continuing EC butter surpluses.

NEW ZEALAND's dairy cattle totaled an estimated 3.35 million head in 1973, with 2.19 million representing cows in milk. These figures compare with the 1972 total of 3.36 million, of which 2.22 million were cows in milk. The New Zealand Dairy Board expects both total dairy cattle and cows in milk to drop still further in 1974—to a total of slightly less than 1973's 3.35 million head, of which 2.15 million will be producing milk.

Despite the current downtrend, the Government has forecast an increase in producing cow numbers in the future—to 2.4 million by 1979. This would be an increase of 250,000 head in the next 5 years.

Prolonged drought in 1972 and 1973 and last year's high prices for manufacturing beef caused some 220,000 more cows to be slaughtered in 1973 than in the previous year, and these came mainly from the dairy sector. It is problematical if Government measures to aid the dairy sector can halt the switch to beef production over the longterm. Success of these efforts depends largely on future beef prices in the United States, Europe, and Japan.

Average size of New Zealand's dairy herds has increased from 100 cows in 1971 to 105 cows in 1973, and the Dairy Board estimates that many farms can support herds of 130 head. It does not seem likely this average will be reached soon because—although numbers of replacement heifers are being bought—most of them do not appear to be going into dairy herds.

Dairy farmers are replacing less productive cows with Friesian stock and production per animal continues to climb. But this offsetting trend failed to boost total milk production which fell

from 13.3 billion pounds in 1971-72 to 12.8 billion pounds in 1972-73. The Dairy Board sees a future reversal of this downtrend, however, and expects milk production to reach 16.3 billion pounds by 1979.

Some 551.1 million pounds of milkfat were processed in 1972-73. This also represents a drop from the previous year's 576.3 million pounds. Total milkfat production in 1972-73—at 626.1 million pounds—was 24.3 million less than that of 1971-72. The downturn in total milkfat to be produced and the amount to be processed is expected to continue into 1973-74.

Most of New Zealand's milk production apparently came from long-time dairy operators. Few young farmers—although they are eligible for a US\$54,000 New Zealand-Government-insured loan—have the US\$35,000-\$40,000 needed to buy into existing dairy businesses. Inflated land values are sending costs ever higher and young men are discouraged by the mountain of debt they would have to carry.

However, the Government is stressing higher earnings made by dairymen, compared with those of sheep and beef producers, and this could persuade more young men to take the plunge. At the same time, the Government is advertising that the guaranteed loans are available and is pointing out that the loans were recently boosted to their present level from about US\$40,000.

ALTHOUGH THE DAIRY BOARD continues to stress milkfat production by making producer payments on the basis of butterfat output dairy factories seem to be shifting to production with more emphasis on milk solids. High international prices are encouraging the shift to NFDM.

Butter outturn was 242,100 metric tons in 1972-73, compared with 248,900 tons in 1971-72. Cheese production—at 100,800 metric tons—was off by 3,500 tons in 1972-73, compared with that of the previous year's. Skimmilk powder output was 189,200 tons, down by 7,700 tons from the previous year's, while casein mounted by 5,900 tons to 46,200 tons in the same interval. Output of condensed and powdered whole milk and powdered buttermilk was also lower in 1972-73.

Production of all these dairy categories, except possibly skimmilk powder, were expected to decline even further in 1973-74.

# CROPS AND MARKETS

## FATS, OILS, AND OILSEEDS

### Peruvian Anchovy Fishing To Continue in May

The Peruvian Ministry of Fisheries plans to continue anchovy fishing this season until a 2-million-ton catch is reached, according to the U.S. Agricultural Attaché in Lima. This probably means a May quota of 800,000 metric tons, since the March quota was 500,000 tons, and the April quota 700,000 metric tons. However, if allowances are made for the amount caught over the quotas in March and April, this May quantity could be slightly lower to maintain a 2-million-ton catch for the entire period.

During the first quarter of 1974, there was a total Peruvian fish catch of 777,391 metric tons, with 641,908 tons being anchovies. The catch yielded 163,000 metric tons of meal and 42,000 metric tons of oil.

The Attaché also reported that officials of Pesca Peru, the State fishing operation, were pleased with April operations, when daily catches averaged over 60,000 metric tons. This amounted to another 100,000 tons of fishmeal in the first 2 weeks of fishing in April.

Fishing has been generally good all along the Peruvian coast and the northern anchovy population appears to be recovering. The anchovies are of a good size and extraction rates for both meal and oil have run higher than in recent years. Few species, other than anchovies, are now being caught. Information on the expected total catch for 1974 is not available, but fishing will probably start again in September. In that case another 3-4-million-ton catch is possible in the remaining months of 1974. This could mean a 1974 fishmeal production of 1.2 million metric tons.

Official Peruvian Ministry of Fisheries statistics show a 1973 fishmeal production of 423,100 metric tons, compared with 897,000 metric tons in 1972 and 1,935,000 metric tons in 1971. Of the 1973 total, 361,800 metric tons were from anchovies.

### Peru May Resume Fishoil Exports

There has been an export ban on Peruvian fishoil for the past few months but the U.S. Agricultural Attaché in Lima reports offers are being made for export sales, so the ban will probably be lifted shortly.

Peru could meet its domestic needs and still have 40,000-50,000 metric tons of fishoil for export in the first half of 1974.

FAS has estimated that Peruvian fishoil exports could reach 80,000-90,000 metric tons in 1974.

Last year there were practically no fishoil exports and production was only 40,000 metric tons. Fishoil production reached 409,000 metric tons in 1971 and exports were 276,000 metric tons. The following year production dropped to 220,000 metric tons, but fishoil exports were 293,000 metric tons.

### Rapeseed Oil Sale Banned in Italy

Use of rapeseed oil in edible oil mixtures has been banned in Italy.

In January, the Italian Ministry of Health had authorized mixtures of up to 15 percent rapeseed oil as acceptable for sale in edible oil blends. However, recent research has shown that the erucic acid in rapeseed oil may produce lesions in the heart, liver, and kidneys. Therefore, the sale of all edible oils containing rapeseed oil has been banned.

Major rapeseed producing countries are shifting to new varieties of rapeseed that are low in erucic acid or are entirely free.

### Senegal's Peanut Purchases To Recover in 1973-74

Senegal's 1973-74 peanut commercialization is expected to recover slightly to 435,000 metric tons (unshelled basis), up only 15 percent—60,000 tons—from last year's volume, despite a 200,000 ton increase in output. Total production in 1973-74 is now estimated at 740,000 metric tons against 538,000 tons in 1972-73, reflecting improved conditions.

However, larger smuggling of peanuts into Gambia—where peanuts are purchased at 7.6 cents per pound (shelled basis), compared with 5.6 cents per pound in Senegal—and a sharp rise in domestic onfarm consumption are expected to limit Senegal's commercial peanut purchases.

## TOBACCO

### Yugoslavia Raises Minimum Tobacco Prices

The Yugoslav Government recently announced new minimum purchase prices for the 1974 tobacco crop. The increases ranged from 2.81 percent for flue-cured tobacco to 3.27 percent for semioriental. The price of oriental leaf (Class I) was raised to US\$1.63 per pound, up 3.2 percent from the late 1973 price of US\$1.58 and 28 percent above the 1972 price of US\$1.27 per pound.

The United States imported 15.4 million pounds of oriental type cigarette leaf from Yugoslavia during 1973. It was valued at US\$11.8 million or 76 U.S. cents per pound. Yugoslavia ranks third as a supplier of U.S. cigarette leaf imports.

### Korea's Monopoly Office May Boost Tobacco Export Price

The Korean Office of Monopoly is considering raising export prices of leaf tobacco and red ginseng to help attain this year's export goal of \$63 million.

Monopoly officials have said that a survey of overseas markets is being conducted to set new higher rates. Upward readjustment of the export prices of these products is said to be

unavoidable because leaf tobacco in particular is currently exported at a loss.

Last year the Office raised the export price of leaf tobacco by 24 percent and that of red ginseng by 31 percent.

Meanwhile, the Office plans to export this year \$32,255,000 in leaf tobacco, \$8 million in red ginseng, \$6.2 million in red ginseng preparations, and \$16.6 million in white ginseng.

The export goal of Monopoly Office goods for 1981 has been set at \$251 million.

## GRAINS, FEEDS, PULSES, AND SEEDS

### EC Adds Dehydrated Forage to CAP

The European Community (EC) Council has approved the inclusion of dehydrated forage, including alfalfa, within the Common Agricultural Policy (CAP). Provisions outlined by the Council include an annual subsidy of \$7.23 per metric ton to dehydrators of alfalfa, clover, and vetches, beginning with the 1974-75 season (May-April).

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 7	Change from previous week	A year ago
Wheat:		Dol. per bu.	Cents per bu.
Canadian No. 1 CWRS-13.5.	5.66	-24	3.28
USSR SKS-14	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Australian FAQ <sup>2</sup>	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. No. 2 Dark Northern Spring:			
14 percent	4.57	-30	2.97
15 percent	4.62	-48	3.08
U.S. No. 2 Hard Winter:			
12 percent	4.51	-40	2.90
No. 3 Hard Amber Durum	6.50	-51	3.24
Argentine	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. No. 2 Soft Red Winter.	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Feedgrains:			
U.S. No. 3 Yellow corn	3.29	-1	2.22
Argentine Plate corn	3.70	+9	2.32
U.S. No. 2 sorghum	3.17	+3	2.16
Argentine-Granifero sorghum	3.14	+2	2.15
U.S. No. 3 Feed barley	2.68	+6	1.78
Soybeans:			
U.S. No. 2 Yellow	6.10	-30	8.58
EC import levies:			
Wheat <sup>3</sup>	.24	+24	1.51
Corn <sup>4</sup>	.23	+23	.95
Sorghum <sup>5</sup>	.38	+34	1.05

<sup>1</sup> Not quoted. <sup>2</sup> Basis c.i.f. Tilbury, England. <sup>3</sup> Durum has a separate levy. <sup>4</sup> Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. <sup>5</sup> Italian levies are 19 cents a bu. lower than those of other EC countries.

NOTE: Price basis 30- to 60-day delivery.

### New IRRI Rice To Be Ready For Dry Season Planting

The International Rice Research Institute (IRRI) in the Philippines will have more than enough IR26 rice to seed the entire Philippines 741,000-acre dry season irrigated crop, planting of which starts in October, according to Reeshon

Feuer, an IRRI Crop Production Specialist.

The first seed-increase crop of IR26 is now being harvested in the Philippines at the Government's Bureau of Plant Industry stations, by seed growers, and in small lots by nearly 2,500 rice farmers. IRRI had originally released about 200 bags (96 lb.) of IR26 seed and it now expects some 20,000 bags of seed will be harvested for replanting in May and June, when the wet season crop is normally planted.

Tests by IRRI entomologists show that IR26 is resistant to brown planthoppers, and moderately resistant to stem borers. Other IRRI scientists have found IR26 to be resistant to tungro, a widespread Asian virus disease, and to bacterial blight. It is also moderately resistant to grassy stunt virus and rice blast disease.

In the 1973 wet season at the IRRI farm, agronomists reported that IR26 was the highest yielding of 13 varieties in an irrigated trial and the highest yielding of 16 varieties in a rain-fed lowland trial.

IR26 yielded 2.34 tons per acre in the irrigated trial despite a severe outbreak of brown planthoppers and grassy stunt that held yield of other IRRI rices at lower levels. In the rainfed test, IR26 produced 1.9 tons per acre.

### Indonesia Buys Australian Wheat

Indonesia recently purchased more than 300,000 tons of Australian wheat for shipment before December 1971. This is the first commercial sale of Australian wheat to Indonesia, although small shipments have been made previously as part of Australian food aid grants.

## COTTON

### GATT Textile Committee Meets On Multifiber Arrangement

Countries accounting for approximately 75 percent of world trade in textiles have now acceded to the Multifiber Arrangement on Trade in Textiles (MFA), which became effective on January 1, 1974. At a recent meeting of the General Agreement on Tariffs and Trade (GATT) Textiles Committee, members of the Surveillance Body that will oversee the operation of the international agreement were selected for the remainder of this year. Chaired by a Swiss, the Body includes the United States and two other developed countries, balanced by less developed countries.

The United States is presently engaged in renegotiating bilateral agreements on textile trade to bring them into conformity with the terms of the MFA.

### Pakistan's Cotton Crop Better Than Expected

The Government of Pakistan has officially estimated 1973-74 cotton production at 3,025,000 bales, down 6.1 percent from the previous year's output, but 4 percent higher than earlier estimates made after the flood of 1973. The Government target for 1973-74 cotton output was 3.9 million bales.

The flood came at a critical time, when the crop was ready for harvest (September-November). The Government estimated after the flood that roughly 400,000-500,000 bales of cotton had been washed away. If the flood had not occurred, it is likely Pakistan would have realized the biggest cotton

crop in its history. Pakistan's record was set in 1971-72 when production was 3,250,000 bales from 4.8 million acres.

According to current official estimates, about 5.2 million acres were planted to cotton during 1973-74. Of that total, only 4.5 million acres could be harvested in 1973-74.

The cotton yield showed some improvement in 1973-74, mostly because of unprecedented aerial spraying and increased use of fertilizer.

The preliminary forecast for the 1974-75 cotton crop, planted between April and June, is 3.3 million bales.

## LIVESTOCK AND MEAT PRODUCTS

### U.S. Trade in Livestock, Meat, and Meat Products Up

U.S. exports of livestock, meat, and meat products in March were valued at \$160 million—up 14 percent from those of a year earlier. Higher volumes of lard, tallow, greases, and live animals, in addition to higher per unit values of most commodities, accounted for the gains. U.S. exports of pork are down considerably due to weak Japanese domestic market prices and high minimum Japanese import prices, which have made U.S. exports to Japan unprofitable.

Total U.S. exports for the first 3 months of calendar 1974 were \$443 million—up 24 percent from exports a year earlier. Higher unit values in general accounted for much of the gain. Significant increases in volume were noted for lard, tallow, greases, furskins, and live animals.

March imports of livestock, meat, and meat products by the United States were valued at \$204 million—up 36 percent from a year earlier. Higher unit values for beef and pork imports, as well as an increase in the volume of pork and beef and veal imports, accounted for much of the increase.

Total U.S. imports for the first 3 months of 1974 were valued at \$605 million, 30 percent greater than those of a year earlier, largely because of higher unit prices. However, volume increases are also up for beef and veal, and pork and live hogs (including breeding animals), accounting for some of the increase in import values.

### West German Cattle and Hogs Up; Slaughter To Jump

West Germany's recent livestock census revealed that both cattle and hog numbers increased between December 1972 and 1973, with the percentage increase in cattle being about twice that of hogs.

Cattle numbers were determined on December 3, 1973, at 14.37 million, nearly 3.5 percent greater than the year before; hog numbers were up 1.6 percent to 20.35 million in the same period.

The size of the average German herd has increased slightly during the census year, but herds remain much smaller than those in Holland and Belgium, major competitors on the German market. The average for total cattle per herd has increased from 18.7 head to 20.1; milk cows from 8.2 to 8.7; and hogs from 22.9 to 24.9.

Following a 3-year stagnation of hog inventories, a 7.8 percent increase in bred sows (to 1.38 million) indicates that farmers have finally begun to expand herds in response

to high market prices which prevailed for more than a year.

Based on the number and makeup of the December population, the Ministry of Agriculture predicts a total production of slaughter hogs of 30.3 million head in calendar 1974 versus 29.4 million in 1973.

Hog exports are forecast at about 150,000 head, while the supply for the domestic market should rise by at least 3 percent to 30.5 million. The major expansion in slaughter is expected during the second half of 1974.

Total cattle numbers, at the 14.37 million level, were 482,000 head more than reported in the 1972 census, but the rate of increase in December 1973 was somewhat lower than had been indicated in June. The growth was most pronounced in cattle less than 1 year old, where a 405,000-head advance took place.

The current herd structure indicates a 5-10 percent jump in beef production in 1974, with a particularly high increase during the first half of the year. The number of milk cows has probably peaked and growth is expected to moderate.

After analyzing the market, the Ministry of Agriculture stated that in 1974, consumer expenditures for beef will grow less than supplies. This means that prices for slaughter cattle during the first half of 1974 will be considerably below those of January-June 1973. A tightening of processing margins should contribute to a firming of prices which should continue to run at about year-earlier levels during next fall and winter.

Average cattle prices had started to fall in July 1973.

### Canada Lowers Subsidy To Beef Producers

The Ministry of Agriculture of Canada announced that effective April 29 the subsidy currently paid to beef producers will be lowered from 5 cents per pound to 3 cents per pound on all Canadian cattle marked for immediate slaughter that fall within grades A, B, and C.

The procedure for payment to the producer will remain the same. Slaughter plants will pay the producer and then collect from the Canadian Government.

## FRUIT, NUTS, AND VEGETABLES

### U.K. Applies VAT To U.S. Orange Juice

The United Kingdom recently announced a value-added tax (VAT) of 10 percent would be applied as of April 1, 1974, to a category of selected items which includes frozen concentrated orange juice. Thus, after a period of only 1 year, imports of U.S. orange juice are again subject to a U.K. tax.

Prior to April 1, 1973, U.K. frozen concentrated orange juice imports from the United States had long been subjected to a purchase tax ranging from 18-22 percent. After repeated U.S. Government and industry representations, the United Kingdom removed orange juice from the list of commodities to which a tax would be applied when the purchase tax was replaced by the VAT on April 1, 1973.

The United States is now seeking to have frozen orange concentrate and other types of orange juice classified as a food and removed from what is basically a confectionary tax classification.

U.S. exports of frozen concentrated orange juice to the United Kingdom during the 1972-73 season exceeded \$1.8 million in value.

## Dominican Republic Now Exports Canned Mushrooms

The mushroom industry of the Dominican Republic, which began in November 1973 is currently producing and exporting about 4 metric tons of canned mushrooms daily. Working at full capacity, this plant could now produce 8-10 tons daily. Although the plant operates as a free zone, it is allowed to sell 20 percent of production locally.

The mushroom plant is located near the city of Constanza, about 100 kilometers from Santo Domingo. It currently has 40 air-conditioned growing sheds with 28 beds in each. The mushrooms are grown in a prepared mixture of rice straw, bagasse, and fertilizer. The growing-bed mixture is exposed to the open air for 7 days and then fumigated before being put in the growing sheds. Mushroom spores are imported from the United States.

## SUGAR AND TROPICAL PRODUCTS

### El Salvador To Build New Sugar Mill

The Government of El Salvador recently requested bids for construction of a new sugar mill. To be built in the Jiboa Valley, where the sugar-grinding season lasts about 140 days, the mill's initial capacity will be 3,500 short tons of cane daily or approximately 350 tons of sugar. This would give the mill a maximum capacity of 49,000 tons annually. The cost estimate for the project is \$19-\$20 million, and the first test run is to be made in about 25 months.

Sugar production in El Salvador will be an estimated 258,000 short tons (raw value) in the 1973-74 season. Domestic consumption will run about 108,000 tons, leaving some 150,000 tons available for export. The new mill could result in a production increase of about 20 percent over El Salvador's current sugar output level.

## DAIRY AND POULTRY

### Barbados Proposes Poultry Import Restrictions

In a move to protect the Government budget for 1974-75, the Prime Minister of Barbados has proposed a ban on the import of a variety of products, including poultry other than parts. In addition, license restrictions were proposed on the import of other products, including poultry parts.

The value of U.S. poultry meat exports to Barbados in 1973 totaled \$1.2 million, about 9 percent of Caribbean purchases.

### Japan Increases Dairy Imports As Milk Production Declines

Japanese milk production in 1973 decreased marginally—by about 0.5 percent—from 1972 production, the first decrease in over two decades. Contributing to this reduction were high feed costs in relation to milk prices and high prices for slaughter cows. Many small and marginal producers have re-

portedly abandoned dairy farming. The forecast is for a similar decrease in 1974. If the feed-milk price ratio should become more unfavorable, the decrease in dairy production could be greater.

Increases in Japan's imports of major dairy products, in percentages, include: Butter, 49; natural cheese, 14; and a slight increase in imports of nonfat dry milk. Japan's imports for 1974 are being forecast at record high levels of 35 million pounds of butter; 88 million pounds of natural cheese; 154 million pounds of nonfat dry milk; and 44 million pounds of whey.

### Ontario Producers Protest Egg Imports

Claiming that imported eggs are boosting costs of the surplus removal program being conducted by the Canadian Egg Marketing Agency (CEMA), the Ontario Egg Producers' Marketing Board has criticized the import of eggs into Canada. Canada is nearly self-sufficient in eggs for consumption, but a net importer of eggs for hatching.

The United States is the principal supplier—as well as the principal receiver—in Canada's foreign trade in eggs. U.S. exports of eggs to Canada in January-March 1974 were 52,000 cases of 30 dozen eggs each, while trade from Canada to the United States in the same period was 123,000 cases. In calendar 1973, the southward flow of eggs also exceeded the northward by 120,000 cases. A substantial part of U.S. imports from Canada in 1973 were eggs for commercial breaking. CEMA participated in the diversion of such eggs from the Canadian fresh market.

About 84 percent of 1973 U.S. egg exports to Canada were for hatching, while eggs for hatching comprised 5 percent of the reverse trade.

### EC Ups Poultry Export Subsidy; Stocks, Production Costs High

Effective May 1, and for 2 months following, the European Community (EC) has established a special poultry export subsidy of 6.5 U.S. cents per pound. If the EC had followed its usual formula for determining subsidies, the current EC subsidy of 1.7 cents per pound would probably have been phased out April 30.

Large stocks, at least 20,000-25,000 tons above normal, reflect the chaos apparent in North European poultry markets. Particularly affected are the Netherlands, Denmark, France, and West Germany where demand is presently weak.

Since European producer costs exceed market prices by an estimated 20 percent, Dutch producer organizations have approached similar groups in other EC countries seeking agreement on production cutbacks based on hatchery reductions of 15-20 percent.

### Other Foreign Agriculture Publications

- Current Status of Cotton and Cotton Products Operations Under Public Law 480 (FC-8-74)
- Dictionary of Terms Used in the Hides, Skins, and Leather Trade (Agriculture Handbook No. 465)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.



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PROCUREMENT SECTION  
CURRENT SERIAL RECORDS

## MEXICO'S COTTON OUTPUT TO RECOVER FROM 1973-74 LOW

Current forecasts of Mexico's 1974-75 cotton production indicate the possibility of a marked recovery from last season's low level due largely to increased planted area.

Currently, 1974-75 production is forecast at about 1.88 million bales (480 lb. net), compared with 1.55 million bales in 1973-74 and the previous year's 1.79 million bales. Nearly all of Mexico's cotton producing States have boosted crop area with the most marked increases taking place in Sonora and Sinaloa.

Expected 1974-75 production for Mexico's five top cotton producing States, in thousands of bales, with 1973-74 outturn in parentheses, were: Sonora, 595 (450); La Laguna, 365 (345); Mexicali, 175 (160); Sinaloa, 155 (130); and La Paz, 140 (126).

Cotton competes with winter wheat and soybeans in some of Mexico's cotton States. Cotton is planted in February and March in Sonora, while soybeans cannot be planted until the wheat is harvested in April and early May. Because of drought in Sonora in recent months and subsequent low water levels in irrigation reservoirs, farmers are anticipating water shortages for soybeans and have consequently increased cotton plantings while water is still available. Attractive cotton prices are also a factor behind increased plantings in all areas, but this probably ranks second to the water supply in Sonora.

Official concern over the apparent

drought-induced switch to cotton, and the effect of this switch on oilseed and wheat production, has caused the Mexican Government to withhold credit for cotton expansion beyond that which is already allowed. Despite tight fertilizer supplies and high prices (about double the 1973 level), indications are that application rates on cotton will not be significantly reduced this season.

Domestic mill consumption for 1974-75 is forecast at 815,000 bales, about the same as this year's level. Current and recent high cotton prices in Mexico are believed to have lessened the ability of Mexican mills to compete effectively in world yarn markets. This is a situation that will probably continue until the new cotton crop becomes available

without price floor restrictions.

The residual effects of this season's cotton contract disputes, high domestic consumption, and increased competition in import markets are likely to reduce Mexico's exports of raw cotton in 1974-75. This season's exports are currently estimated at 750,000 bales, down from about 865,000 shipped in 1972-73.

Roughly 200,000 bales of 1974-75 crop cotton have been forward contracted by farmers at prices ranging from 55 to 65 U.S. cents per pound. About an additional 100,000 bales have been sold for export at prices ranging from 40 U.S. cents to 82 cents per pound, f.o.b. Mexican ports (depending upon when the business was booked), for SM 1-1/16 inch.

## Brazil To Allow Shipment of Old-Crop Cotton

The Foreign Trade Division of the Bank of Brazil (CACEX) has agreed with producers to permit shipments of old-crop southern cotton against unfulfilled contracts, amounting to about 92,000 bales (480 lb. net). The shipments are to be made at contract prices and finally resolve an issue long debated between cotton exporters, CACEX officials, and textile firm representatives.

The understanding also entails accession by the trade to the CACEX demand that the 370,000-bale new-crop export quota (reported in crops and markets, April 1) be regarded as final.

Resolution of this problem, however,

coincides with the appearance of another. Recent heavy rains in south Brazil have caused considerable damage to the current crop. Quality and quantity have been most affected in the high-yielding zones of São Paulo.

Production estimates for the 1973-74 southern crop have therefore been reduced to about 1.9 million bales, a cut of approximately 11 percent from earlier expectations. The effect on total outturn is to reduce estimates of this season's crop to 2.8 million bales, a drop of 5 percent from last season's 2.95 million bales and 10 percent below the 3.1 million bales produced in 1971-72.